

FISCAL NOTE
SB 2779 - HB 2704

February 9, 2000

SUMMARY OF BILL: Establishes a special agency fund in the general fund to be known as the Higher Education Equipment Fund. Monies in the fund shall only be expended and obligated in accordance with recommendations made and received from the Tennessee Higher Education Commission for the purchase of equipment needed at the state colleges and universities. Requires the Commissioner of Revenue to direct the Comptroller of the Treasury to develop and use a formula similar to that developed for funding the 1998 Jobs Skills Program to revise the percentage of unemployment insurance premiums charged to employers in such a manner to decrease the revenues deposited in the Tennessee Unemployment Insurance Trust Fund and to develop a premium rate to assess employers in order to fund the higher education fund. Requires the funding mechanism to be used only after a determination is made each fiscal year that the unemployment compensation fund is sufficiently funded to provide benefits to all claimants during that fiscal year and for two additional years, and is also sufficient to comply with all federal laws and regulations. Limits monies generated by this funding mechanism to \$60 million for each fiscal year. Requires the funding mechanism to be implemented during Fiscal Year 2000-2001 in order to redirect \$60 million dollars from the Unemployment Compensation Trust Fund to the Higher Education Equipment Fund.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$474,200 Recurring
\$165,620 One-time

Increase State Revenues - \$60,000,000/ Higher Education Equipment Fund

Other Fiscal Impact - Decrease Revenues - Exceeds \$60,000,000/Unemployment Insurance Trust Fund

Assumes:

- Increased expenditures in the Department of Employment Security relating to the collection of the fee, and one-time expenditures for computer program modifications to implement the collection process. Employment Security's administrative costs are funded with federal grant funds. All administrative cost relating to implementation of the bill will have to utilize state funding.
- A decrease in revenues to the Tennessee Unemployment Insurance Trust Fund from the unemployment insurance premium rate reduction for all employers and from the loss of interest on such funds.

For information purposes the balance of the Unemployment Insurance Trust fund on December 31, 1999 was \$865,955,000. During calendar year 1999 premium revenues amounted to \$280,690,000, benefit payments amounted to \$323,563,000 and interest earnings amounted to \$58,099,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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